

Message Text

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FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC IMMEDIATE 9016

C O N F I D E N T I A L SAN JOSE 0103

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E.O. 11652: GDS

TAGS: PFOR, PGOV, CS

SUBJECT: INOCENTE ALVAREZ ON GRAND JURY APPEARANCE

1.. ALBERTO INOCENTE ALVAREZ REQUESTED MEETING WITH EMBOFF THIS MORNING (JANUARY 9) TO DISCUSS HIS APPEARANCE BEFORE THE NEW YORK GRAND JURY. ALVAREZ RETURNED TO SAN JOSE ON SUNDAY, JANUARY 5, IN ORDER TO CONSULT WITH CERTAIN MEMBERS OF FACIO AND FOURNIER LAW FIRM BEFORE APPEARING. ALVAREZ SAID HE DISCUSSED THE GRAND JURY APPEARANCE WITH FERNANDO FOURNIER, GONZALO FACIO, AND RODRIGO OREAMUNO YESTERDAY (JANUARY 8) AND THEY RECOMMENDED THAT HE REQUEST IMMUNITY FROM PROSECUTION FROM THE U.S. ATTORNEY'S OFFICE BEFORE AGREEING TO TESTIFY. APPARENTLY, JUDGING FROM ALVAREZ' COMMENTS TO EMBASSY, HE WAS SOMEWHAT SHAKEN BY THE SUBSTANCE OF CERNY'S DECLARATIONS AS HE INTERPRETED THEM TO BE FROM REMARKS MADE DURING THE MIAMI MEETING. ALVAREZ SAID HE GATHERED THAT CERNY'S DECLARATION TENDED TO PREJUDICE ALVAREZ, FOURNIER, ETC. HE ALSO SAID HE SENSED A CERTAIN SYMPATHY AMONG THE U.S. DISTRICT ATTORNEY LAWYERS FOR THE CERNY POSITION TO THE EXTENT THAT "SOMEONE MAY BE PROTECTING CERNY."

2. ALVAREZ SAID THAT HE IS NOT REPEAT NOT GOING TO APPEAR BEFORE THE GRAND JURY ON JANUARY 10 AS APPARENTLY HE HAD AGREED TO WITH ELLIOT SAGOR. HE SAID HE WOULD
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CALL SAGOR IN NEW YORK LATE TODAY TO INFORM HIM OF THIS

DECISION AND HIS WILLINGNESS TO APPEAR LATER IN THE MONTH ONCE IMMUNITY IS GRANTED. ALVAREZ SAID THAT FOURNIER AND OREAMUNO WERE ALSO WILLING TO TESTIFY BEFORE THE GRAND JURY IN THE FIRST WEEK OF FEBRUARY IF IMMUNITY CAN BE GRANTED. ALVAREZ WOULD COME EARLIER. EMBOFF TOLD ALVAREZ THAT HIS POSITION ON THE GRAND JURY APPEARANCE WOULD BE COMMUNICATED TO THE DEPARTMENT OF STATE (LAZAR) WHICH WOULD BE REQUESTED TO CALL SAGOR AND INFORM HIM OF ALVAREZ' CONSIDERATIONS. ALVAREZ WOULD ALSO LIKE TO HAVE LIST OF QUESTIONS THAT WILL BE PUT TO HIM BEFORE GRAND JURY. (ALVAREZ WAS NOT CONFIDENT THAT HE COULD COMMUNICATE THE FULL MESSAGE TO SAGOR BECAUSE OF LANGUAGE DIFFICULTIES.)

3. IN GENERAL DISCUSSION THAT FOLLOWED SUBSTANCE OF ABOVE ALVAREZ SAID THAT RELATIONS BETWEEN VESCO AND THE GOCR HAD REACHED, WITHIN THE PAST COUPLE OF WEEKS, A CRITICAL STAGE. HE SAID THAT ODUBER TOLD HIM THIS WEEK THAT HE WAS FED UP WITH THE VESCO AFFAIR. HE SAID THAT FIGUERES TOLD HIM THAT HE MIGHT JUST AS WELL PAY A RECEIVER THE 18-PERCENT INTEREST THAT SAN CRISTOBAL IS PAYING VESCO FOR LOANS. LIKEWISE, THE NEWSPAPER "EXCELSIOR," WHICH ALVAREZ SAID IS PAYING HIGH INTEREST ON A VESCO LOAN, HAS THE SAME ATTITUDE AS THE DIRECTORS OF SAN CRISTOBAL.

4. THERE HAS BEEN LITTLE MEDIA DISCUSSION OF THE VESCO SUBJECT SINCE THE ANTI-VESCO CAMPAIGN PETERED OUT JUST BEFORE CHRISTMAS.

5. DEPARTMENT IS REQUESTED TO CALL SAGOR IN NEW YORK AND PROVIDE HIM WITH SUBSTANCE OF ALVAREZ MESSAGE ON GRAND JURY APPEARANCE. AS ALVAREZ SAYS HE INTENDS TO CALL LATE THIS AFTERNOON THERE MAY BE ADVANTAGE TO SAGOR IF DEPARTMENT TALKS TO HIM BEFORE ALVAREZ DOES.

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